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C O N F I D E N T I A L OSLO 000561

SIPDIS

ASSISTANT SECRETARY DANIEL S. SULLIVAN (EEB)

E.O. 12958: DECL: 10/03/2018

TAGS: [ECON](#) [EPET](#) [ENRG](#) [EINV](#) [NO](#)

SUBJECT: ASSISTANT SECRETARY SULLIVAN IN OSLO: IRAN, EITI,  
MONEY AND ENERGY

REF: A. OSLO 544

[1](#)B. OSLO 387

Classified By: Ambassador Benson K. Whitney, Reasons 1.4(b) and (d)

[1](#)1. (C) Summary. EEB Assistant Secretary Dan Sullivan's recent Oslo visit stressed US views on Iranian investments, focused on EITI's achievements, and reviewed the current US financial state in meetings with StatoilHydro executives, regional managers of the Extractive Industries Transparency Initiative, Norwegian Central Bank (Norges Bank) Governor Svein Gjedrem and the Bank's investment management wing leadership. Sullivan also delivered a keynote speech at the Scandinavian Renewable Energy Forum (ScanREF).  
End Summary.

StatoilHydro: Iran Operations, Tar Sands  
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[1](#)2. (C) The Assistant Secretary and Ambassador Whitney met with StatoilHydro's Vice President of International Operations and Iran Project Director, discussing the international energy company's investments in Iran. (Note: StatoilHydro is the ninth largest energy company in the world, and has been involved in the Iranian South Pars project, see Reftel B). Sullivan thanked the executives for StatoilHydro CEO Lund's recent public statements noting no further Iranian investments. Nevertheless, the Assistant Secretary and Ambassador strongly cautioned that the USG was reviewing StatoilHydro's existing Iranian operations, and that Congress may strengthen the Iran Sanctions Act. Both also noted that the company's transparency will not insulate StatoilHydro from USG regulations.

[1](#)3. (C) Reacting, the executives emphasized that the company only sought to recoup its Iranian investments, and no more unless and until the situation significantly changes. Additionally, the StatoilHydro representatives emphasized that they would readily supply any information needed to complete the Administration's review.

[1](#)4. (C) The Ambassador and Assistant Secretary also referenced StatoilHydro's Canadian tar sands operations, noting that the USG was prohibited from obtaining such derived energy under the 2007 Energy Independence and Security Act. The StatoilHydro reps noted the improvements in this type of operations. StatoilHydro's interest in Brazil was also reviewed.

EITI: Where are they now?  
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[1](#)5. (C) Meeting with EITI regional managers, the Assistant Secretary discussed the status of the EITI validation

timetable and the progress of candidate country implementation. The 23 EITI candidate countries have until 2010 to complete their validation (an independent review of their EITI implementation progress) in order to become EITI compliant. Stressing that a country exercising a strong political will leads to quickly constructing a local EITI program, the managers referenced Liberia's great strides--despite the country's lack of technical resources.

#### Norges Bank Meeting: Strong Economy Affected by Global Crisis

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¶6. (C) Joining Ambassador Whitney in a meeting at Norges Bank, the Assistant Secretary appreciated USG-GON cooperation in creating best practices for sovereign wealth funds, including Norway's work in the OECD and IMF. (Note: Norway's Global Pension Fund is one of the world's largest funds). Governor Gjedrem perceived that the USG's recent failure to pass the Troubled Asset Recovery Plan undermined the strong reputation of the FDIC and Federal Reserve, and negatively contributed to liquidity--an issue affecting Norway and other European countries (see Reftel A for more on this meeting).

#### ScanREF: The USG's Renewable Contribution

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¶7. (U) Sullivan presented a keynote address at ScanREF, an international conference held in Oslo covering several renewable energy topics, including carbon capture sequestration, carbon trading and emerging technologies in wind, solar, hydro and wave energy. The Assistant Secretary joined other political and business leaders serving as keynote speakers, including Prime Minister Jens Stoltenberg,

the former CEO of Shell and the chairman of Norsk Hydro, an international metals conglomerate. The PM acknowledged the many challenges facing renewable energy efforts, pressed for a common carbon pricing regime, lauded the GON's commitment in this area (including the importance of hydro power domestically) and presented the need to continue expanding renewable energy investments. He pledged doubling the GON's financial support of renewable initiatives in the 2009 budget to 4 billion USD. Other presenters during the two-day conference included the Norwegian Petroleum Minister and Environmental and Energy Deputy Ministers from Denmark and Germany.

¶8. (U) The Assistant Secretary outlined USG policy on renewables, and the inter-relationship between energy security, climate change and foreign policy. He discussed USG renewable initiatives, including efforts to develop clean technologies through legislation and domestic programs, and the important contribution of American private equity/venture capital investment/innovation in renewable technologies. Describing the extensive number of USG renewable programs, Sullivan also outlined the USG's efforts in the G-8 to boost clean energy R&D, commercialization and deployment, referring to the 10 billion USD G-8 commitment for R&D funding, launching the Clean Technology Fund and striving to eliminate tariffs on clean technology goods and services within the WTO. He stressed the need to bring developing world economies into the post-Kyoto climate change discussion through the Major Economies process.

#### Comment

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¶9. (SBU) The Assistant Secretary's address helped refute a commonly held view in Norway that the US is not fully committed to renewable energy and climate change negotiations by offering specifics that appealed to the audience of approximately 1000 businesspeople. This public diplomacy, building on earlier Embassy efforts, is slowly turning the tide of opinion here as people increasingly look to see what is actually being done and where breakthroughs technology is being developed. While this conference was the first, it is expected to be an annual event with an ever growing audience and company displays. For next year's event, the organizers

have already hired a U.S. promoter who along with FCS will seek to increase the number of U.S. companies represented. Through this conference and other efforts, we expect growing links between Norwegian and U.S. companies involved in alternative energy.

JOHNSON